



**United States House of Representatives – Small Business Subcommittee
Disaster Savings Account
September 17, 2008**

Good afternoon, my name is Kate Grayson and I am President, CEO of Steelgate, Inc a Cryogenic Specimen Repository storing frozen specimens – such as blood – on behalf of clients engaged in biomedical research. I founded Steelgate in 2002 in Long Island, New York and in 2004, relocated my corporate headquarters to Bradenton, Florida.

I am honored to sit before this distinguished panel today as a representative of Florida's Manatee County small businesses and appreciate the opportunity to share my insights regarding the proposed Disaster Savings Account.

Given the sensitive nature of my business and the need to maintain uninterrupted power for specimen preservation, disaster preparedness is a subject with which I have extensive experience. Steelgate was built upon a foundation of system redundancy that is only one part of a dynamic, multi-layered business continuity plan. This plan is not only routinely tested and enhanced, but it is subject to a thorough audit by each client looking to store specimens with Steelgate. Such rigorous preparation is what enabled Steelgate to face-down the infamous power outage of 2003 that struck the Northeast, Midwest and parts of Canada, as well as the overactive 2004 hurricane season in Florida.

But Steelgate is not alone in having to anticipate threats; every year, thousands of businesses throughout the United States face a whole host of natural disasters that include tornadoes, earthquakes, floods, forest fires, mudslides and, every summer for those of us living and working in Florida, hurricanes. However, developing and implementing a disaster plan represents a financial investment that, too often, for a small business can be a burdensome expense that they choose not to incur. The irony being that it might be the one investment that could help ensure business continuity should a disaster strike. And it always strikes, as we have seen from this year's very active hurricane season.



Despite ongoing efforts to assess the impacts from hurricanes, Gustav, Hanna and Ike, the 2008 hurricane season only just hit its peak on September 10th with 74 days more days remaining. However, if history is any indication, hundreds of small businesses will have suffered devastating losses from which they will never recover. Such losses affect not only the business owners, but extend to its employees, clients and vendors; not to mention the lost tax revenues that underwrite state, local and federal programs.

Therefore, I, along with other small businesses, applaud this committee's proactive efforts to launch a program to help mitigate the devastating effects of post-disaster business interruption and closure.

A Disaster Savings Account could be the one incentive that motivates more small businesses to consider disaster planning. I know that as a self-funded small business, the potential for a tax-deferred or tax-free plan to further enhance my company's disaster planning would be very enticing. It not only aligns with the entrepreneurial spirit and go-it-alone attitude embodied by so many small business owners, but can relieve the government of having to provide greater resources for a post-disaster bailout.

To succeed, the guidelines or regulations of a Disaster Savings Account need to be written in a concise and easily understood way - further encouraging the widest possible adoption. As a small business owner wearing many hats every day, the plan must avoid being overly complex and offer clear benefits; it should not require a specialist to interpret nor require an excessive amount of a business owner's time to implement. Additional benefits may derive from insurance companies offering discounted premiums for businesses with Disaster Savings Accounts.

It is clear that establishing a Disaster Savings Account could offer wide-ranging benefits to all those who are affected when disaster strikes. I am appreciative of the time you have given me today and will, as a courtesy to this committee's time, conclude my testimony. I would, however, make myself available for further questioning either here or offline at a later date. Thank you.